

# Media Release

23 April 2020



## New US and Japanese 2030 emissions reduction goals accelerate the global race to attract investment in net zero emissions industries and infrastructure

The global race to attract private capital investment into net zero emissions industries and infrastructure has accelerated after President Biden committed the United States to reduce greenhouse gas emissions by 50-52 per cent from 2005 levels by 2030 and Prime Minister Suga committed Japan to a 46 per cent reduction from 2013 levels, ultimately aiming for 50 per cent below.

Analysis by the Asia Investor Group on Climate Change (AIGCC) shows the new US target is one of the strongest emissions reduction commitments in the developed world, while Japan's new target is a substantial increase on its previous pledge. The strengthened US, United Kingdom (UK), European Union (EU) and Japanese goals are now within striking distance of being on a Paris-aligned pathway to reach net zero by 2050.

Other major economies across Asia have more work to do to increase their mid-term ambition to ensure they can compete in attracting the trillions of dollars in private capital that is looking for net zero investment opportunities.

The AIGCC analysis below compares the 2030 emissions targets of G20 nations. This analysis covers and finds:

- **Commitment to updating targets in line with agreements made in Paris:** In advance of COP26, countries have agreed to review and update their 2030 emissions targets and put in place a long-term strategy to achieve net zero emissions. In Asia, Japan and China have or are committed to enhance their 2030 targets in their formal submission to the United Nations. South Korea has updated its 2030 target from an intensity to an absolute baseline and stated it will enhance its ambition this year. India, Indonesia, Singapore and Saudi Arabia are yet to state if they will enhance their 2030 commitments.
- **Per capita emissions and the emissions intensity of the economy if 2030 target is achieved:**<sup>1</sup> In 2030, the per capita emissions of the majority of Asian G20 nations would sit in the middle of the pack. Indonesia and India would remain comparably low on this measure among G20 nations, as would Japan. Saudi Arabia would continue to have, by some distance, the highest per capita emissions. The emissions intensity of the economy is a proxy for competitiveness in a carbon-constrained world. On this measure, Japan's competitiveness joins the likes of the EU, US and UK at the top end of industrialised nations on current G20 commitments. South Korea's competitiveness is reasonably favourable to many other G20 nations, but behind the leaders. India and Indonesia would maintain a high emissions-intensity in their economy compared to other G20 nations.
- **Comparison of targets vs 1990 and 2005 emissions:** South Korea and Singapore's emissions targets are weak-to-moderate compared with other relevant countries within the G20. Japan's new goal is now more competitive with the EU, US and UK at the top end.
- **National record on achieving past international emissions targets and current policy projections against existing 2025/30 targets:**<sup>2</sup> Most countries have achieved their past emissions targets and are on track to achieve their 2025/2030 targets. Australia, South Korea, Mexico and the US are not currently on track to achieve their current Paris emissions targets. Canada and Argentina are also currently off track but with new announced policies can achieve current 2030 targets. This does not assess the adequacy of targets against emissions pathways consistent with the objectives of the Paris Agreement. Most countries' 2030 targets are not consistent with a fair contribution to meeting the objectives of the Paris Agreement.

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<sup>1</sup> Based on population and GDP projections from the World Bank and OECD respectively

<sup>2</sup> <https://climateactiontracker.org>



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**Table: G20 nations current 2030 emissions targets**

	On track/met targets?			Committed to <u>enhance</u> their 2030 target	Net zero mid-century goal?	2030 with target		Change on baseline	
	2010	2020	2025 /30			CO2 <sup>3</sup> / person	CO2/GDP <sup>4</sup>	1990 <sup>5</sup>	2005
<b>Argentina<sup>6</sup></b>	N/A		N*	Y	N	9	0.57		3%
<b>Australia</b>	Y	Y	N		N	16	0.26	-26%	-26%
<b>Brazil</b>	N/A	Y	Y		Y	4	0.39	N/A	N/A
<b>Canada</b>	N	N	N*	Y	Y	11	0.21	-27%	-40%
<b>China</b>	N/A	Y	Y	Y	Y	10	0.70	N/A	N/A
<b>EU</b>	Y	Y	Y	Y	Y	6	0.14	-55%	-51%
<b>India</b>	N/A	Y	Y		N	4	1.64	N/A	N/A
<b>Indonesia</b>	N/A	Y	Y		N	6	1.29	N/A	N/A
<b>Japan</b>	Y	Y	Y	Y	Y	6	0.14	-40%	-45%
<b>Korea Rep.<sup>7</sup></b>	N/A	N	N	Y	Y	10	0.25		-5%
<b>Mexico</b>	N/A	N	N		N	5	0.48	N/A	N/A
<b>Russia</b>	Y	Y	Y		N	18	1.41	-19%	29%
<b>Saudi Arabia</b>	N/A		Y		N	28		N/A	N/A
<b>Singapore<sup>8</sup></b>	N/A	Y	Y		N	10			49%
<b>South Africa</b>	N/A	Y	Y	Y	N	10	1.58	N/A	N/A
<b>Turkey</b>	N/A		Y		N	11		N/A	N/A
<b>United Kingdom</b>	Y	Y	Y	Y	Y	4	0.07	-68%	-63%
<b>United States</b>	N	Y	N	Y	Y	11	0.14	-43%	-50%

**N/A is Not Applicable:** Countries, including Australia and New Zealand, have agreed that advanced economies will implement economy-wide targets below absolute baselines. For other countries such as China and India, they agreed their targets should progress towards these kinds of absolute baseline goals through time. For example, in the 2000s China implemented sector strategies supported by international finance, which was followed by national targets based on reductions in emissions intensity for the 2020 and current 2030 targets. Each new commitment would be expected to move these international commitments towards absolute caps on national emissions, then an absolute emissions reduction target. Argentina, Singapore and South Korea recently converted their emissions intensity targets into absolute emissions targets. These targets against the 2005 baseline are shown for reference. Colours denote relatively strong (green) or weak (orange) comparative results across the different metrics. Where countries have expressed a reduction range in their target, such as Japan and the US, the lower bound has been used as the comparison point.

\* Possible with newly announced policies.

<sup>3</sup> Tonnes

<sup>4</sup> Emissions (t)/GDP (M\$). Internally consistent longer term GDP projections for all counties not available.

<sup>5</sup> Annex II countries with stated absolute emissions are not assessed in a 1990 baseline

<sup>6</sup> Argentina increased the ambition of its target and included an absolute cap on emissions for the first time

<sup>7</sup> South Korea has not yet increased the ambition of its target but included an absolute cap on emissions for the first time. It has stated that it plans to update its 2030 target this year.

<sup>8</sup> Singapore did not increase the ambition of its NDC but included an absolute cap on emissions for the first time



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AIGCC Executive Director, Rebecca Mikula-Wright, said: “The new 2030 emissions reduction targets from the United States and Japan are major market signals that the world’s largest and third largest economies, and the second and fifth largest greenhouse gas polluters, are accelerating their transition to net zero. It is a necessary and welcome step up in ambition.

“As a developed and technologically advanced economy, Japan is well positioned to seize the fresh opportunities, jobs and investment that will come from accelerating its decarbonisation. It now needs to enact enabling policies to meet its new 2030 commitment, including ensuring a larger share of renewable power as part of its Strategic Energy Plan, while looking to further strengthen its ambition consistent with a 1.5°C pathway.

“We also welcome the positive announcement from South Korea that it will end international coal financing, which Japan and China should match. We also note the Chinese commitment to ‘phase down’ coal plants from 2026.

“[Previous analysis by AIGCC](#) has shown that a Paris-aligned transition to net zero emissions will create a century-defining investment opportunity in the Asian energy sector of up to \$US37 trillion by 2050.

“Strong emissions reduction targets are signals to global capital markets about how seriously a nation is taking the net zero transition and how intent it is in creating the enormous investment opportunities in new clean industries and infrastructure on offer.

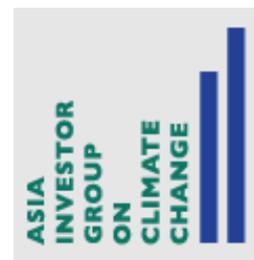
“There are trillions of dollars in private capital that investors are looking to commit to the transition to net zero emissions. Asian economies who are not keeping pace with comparative global benchmarks for ambition, factoring in each nation’s stage of development, will be at an increasing competitive disadvantage in global capital markets.”

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## Notes to editors

Media outlets are welcome to use the above and below tables and graphs for publication, credited to AIGCC. To access the raw data please contact AIGCC directly.

**Table: Summary of current emissions targets as stated by governments**

	Current 2025 and 2030 targets	Mid-century
<b>Argentina</b>	313 million tonnes by 2030	
<b>Australia</b>	26-28% below 2005 levels	
<b>Brazil</b>	43% below 2005 levels	Net zero by 2050
<b>Canada</b>	40-45% below 2005 levels	Net zero by 2050
<b>China</b>	Peak emissions before 2030; Over 65% reduction in emissions intensity of economy (below 2005)	Net zero by 2060
<b>EU</b>	55% below 1990 levels	Net zero by 2050
<b>India</b>	33-35% reduction in emissions intensity of economy (below 2005)	
<b>Indonesia</b>	29% below business as usual by 2030	
<b>Japan</b>	46%-50% below 2013 levels	Net zero by 2050
<b>Korea Rep.</b>	24.4% below 2017 levels	Net zero by 2050
<b>Mexico</b>	22% below business as usual by 2030	50% below 2000 levels by 2050
<b>Russia</b>	30% below 1990 levels	
<b>Saudi Arabia</b>	130 million tonnes below business as usual by 2030	
<b>Singapore</b>	Peak emissions at 65 million tonnes around 2030	Halve emissions by 2050; Net zero in the second half of the century
<b>South Africa</b>	398-614 million tonnes between 2025 and 2030	
<b>Turkey</b>	21% below business as usual by 2030	
<b>United Kingdom</b>	68% below 1990 levels	Net zero by 2050
<b>United States</b>	26-28% below 2005 by 2025; 50-52% below 2005 levels by 2030	Net zero by 2050

## About AIGCC

The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing. AIGCC provides capacity for investors to share best practice and to collaborate on investment activity, credit analysis, risk management, engagement and policy. With a strong international profile and significant network, AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a greener economy. AIGCC has 54 members from 11 countries representing over \$US15 trillion in assets under management. [www.aigcc.net](http://www.aigcc.net)